

02 2005 GOALS: HALF-YEAR REVIEW

FIRST PACIFIC

Goal: Improve share price performance

Achievement: Achieved and ongoing. Share price increased by over 30 per cent from HK\$2.075 to HK\$2.775 and reached a high of HK\$2.90 in the first six months.

Goal: Continue to evaluate value-enhancing opportunities in the region that have potential to provide synergies with the existing operations principally in the telecommunications, consumer food products, property and infrastructure sectors

Achievement: Ongoing. Concluded an investment of US\$15 million for a 25 per cent interest in Level Up — a publisher of massively multiplayer online games (MMOG). This is a high growth business which further capitalizes on the Group's knowledge and experience in telecommunications infrastructure and mass-market know-how. Other investment opportunities are currently being evaluated.

Goal: Raise funds and financing for expansion opportunities

Achievement: Achieved and ongoing. Successfully raised US\$199 million in January by issuing a five-year Exchangeable Notes.

Goal: Continue to enhance recurrent profits and cash flow

Achievement: Ongoing. Recurrent profits improved by 8.5 per cent to US\$53.9 million. Received US\$24 million as dividends from PLDT. Strong dividend income in the second half of 2005 is expected in view of the collection of Indofood's final dividend for 2004 and potentially further dividend distribution from PLDT.

Goal: Pay dividends to shareholders in respect of the 2005 financial year, subject to continued strong performance by PLDT and Indofood

Achievement: Achieved. Declared interim dividend of HK1.00 cent per share payable in October 2005.

Goal: Continue to strengthen corporate governance practices

Achievement: First Pacific has adopted its own code on corporate governance practices and is in compliance with all of the code provisions and most of the recommended best practices as set out in Appendix 14 of the Listing Rules. The Audit Committee is actively working with the Group's operating units to enhance reporting and monitoring. Indofood has set up its own Audit Committee in January this year.

PLDT

Goal: Continue to reduce debts by US\$500 million and increase dividends to common shareholders to a minimum of 15 per cent of 2005 earnings per share

Achievement: Substantially achieved and reset higher targets. Reduced debts by US\$312 million during the first half of 2005 or 62 per cent of the original target for 2005, and further paid off US\$110 million bonds on 1 August 2005. Raised debt reduction target for 2005 to US\$600 million. Dividend payout target has similarly been raised to 30 per cent of 2005 core earnings per share and an initial dividend of Pesos 21 per share was paid to common shareholders in July.

Goal: Maintain market leadership by introducing more product innovations

Achievement: Achieved and ongoing. Reached over 20.8 million cellular and 2.1 million fixed line subscribers, representing respectively a 58 per cent and 66 per cent market share. Smart's network covering 98 per cent of the population facilitated the introduction of services such as faster and cheaper cash remittance through text for both overseas and domestic customers (*SMART Padala*); Smart's 25th Unlimited Call and Text promotion attracted 1.4 million subscribers as of 30 June 2005.

Goal: Commence the upgrade to an IP-based network and increase broadband capabilities

Achievement: Ongoing. PLDT Fixed Line has commenced the upgrade of existing facilities to a Next Generation Network and expects to increase DSL capacity by another 50,000 by year-end 2005. Smart launched Smart WiFi which is a broadband wireless offering in June 2005. As of June 2005, PLDT had close to 70,000 DSL subscribers, an increase of about 20,000 in the first six months of the year.

Goal: Develop bundled products and services across the Fixed Line, Wireless, and Information and Communications Technology business groups

Achievement: Achieved and ongoing. Ongoing initiatives such as the Pesos 10 per call NDD promo encourage an increase in fixed line utilization. Bundling of fixed line and cellular packages for corporate accounts has allowed Smart to increase its market share in the corporate market.

INDOFOOD

Goal: Continue to maintain market leadership position

Achievement: Ongoing. Indofood is repositioned as a total food solutions provider. The new business structure, together with management's efforts of conducting regular review of each business aspect in its vertically integrated supply chain, production and distribution networks, strengthens its market position in Indonesia's consumer food sector.

Goal: To enhance shareholders' value through separately listing the Bogasari flour division

Achievement: Under review, with concern to current unfavorable equity market conditions, the management will closely monitoring further market development for this plan.

Goal: Continue to focus on implementing Indofood's business strategy, cut costs, increase distribution efficiency, as well as streamline product lines and business processes

Achievement: Ongoing. Management remains focused on improving operational efficiency, introducing new products, rationalizing headcount and enhancing distribution networks in order to offer products with better value and expand market reach.

Goal: Manage foreign currency exposure by reducing foreign currency borrowings

Achievement: Ongoing. As at 30 June 2005, Indofood bought back US\$119 million Eurobonds leaving an outstanding balance of US\$161 million. Indofood plans to refinance its foreign currency borrowings in rupiah-denominated debts in order to eliminate foreign currency exposure.

Goal: Explore expansion opportunities in the Asian consumer food products industry and leverage potential synergies with Indofood

Achievement: Ongoing. Continue to evaluate expansion opportunities.

METRO PACIFIC

Goal: Continue to explore investment opportunities in property and infrastructure sectors

Achievement: Ongoing. Management is actively exploring specific investment opportunities to rebuild its investment portfolio. Progress has been made in identifying opportunities in the toll roads sector and others are presently being explored.

Goal: Complete debt reduction program and significantly reduce contingent liabilities

Achievement: Nearing completion. Debt has been reduced by approximately Pesos 500 million (US\$9.1 million) to Pesos 742 million (US\$13.5 million) of which Pesos 434 million is currently subject to closing documentation. The year-end target has been reset to less than Pesos 300 million (US\$5.3 million) from the original Pesos 350 million (US\$6.2 million).

Goal: Position Landco for new growth by participating in provincial shopping centers and hotel management businesses

Achievement: Ongoing. Targeted to complete the expansion of the Pacific Mall Legaspi to over 40,000 square meters and to launch the development of a new mall in Naga before year-end. New mixed-use land projects include various tourism components.

Goal: Implement the rehabilitation plan for Nenaco

Achievement: Ongoing. The rehabilitation plan has been fully implemented and the company is benefiting from the revised lower interest rates and extended loan maturity and repayment terms. Loss during the period significantly reduced to Pesos 5.0 million (US\$0.1 million) from a restated loss of Pesos 903.5 million (US\$16.1 million) for the comparable period in 2004.